

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Boyne Valley Township	County Charlevoix
Fiscal Year End March 31, 2006	Opinion Date June 22, 2006	Date Audit Report Submitted to State September 22, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

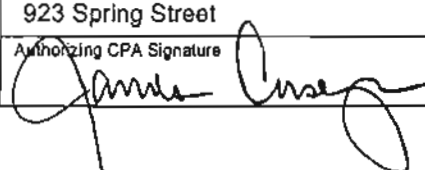
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

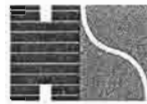
YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Hill, Schroderus & Co., LLP		Telephone Number 231-347-4136	
Street Address 923 Spring Street		City Petoskey	State MI
Zip 49770			
Authorizing CPA Signature 		Printed Name James Cusenza	License Number 1101012888



Hill ♦ Schroderus & Co., LLP

Certified Public Accountants & Consultants

June 22, 2006

Township Board
Boyne Valley Township
Charlevoix County, Michigan

In planning and performing our audit of the financial statements of Boyne Valley Township for the year ended March 31, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control. However, we noted a certain matter involving the internal control and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Boyne Valley Township's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Ambulance Receivables – The Township has adopted a policy to submit past due non-resident ambulance patients to a collections agency. The policy further indicates the homeless will not be sent to a collection agency. It also provides for adjustments due to financial hardship. Residents pay a property tax to support ambulance operations. The non-resident receivables which were over 90 days old amounted to \$35,460 at March 31, 2006. Non-residents have yet to be turned over to a collections agency. We recommend this be done as soon as possible to provide funding for ambulance operations and to help prevent some people from unfairly benefiting at the expense of others.

We would like to express our appreciation for the excellent cooperation we received while performing the audit. If we can be of any assistance, please do not hesitate to contact us.

This report is intended solely for the information and use of the Boyne Valley Township board, management, and State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Hill, Schroderus & Co.

CERTIFIED PUBLIC ACCOUNTANTS
Petoskey, Michigan

FINANCIAL REPORT
BOYNE VALLEY TOWNSHIP
March 31, 2006

**BOYNE VALLEY TOWNSHIP
FINANCIAL REPORT
March 31, 2006**

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June 22, 2006

Independent Auditors' Report

Township Board
Boyne Valley Township
Charlevoix County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Boyne Valley Township, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Boyne Valley Township, as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Boyne Valley Township has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined to supplement, although not required to be part of, the basic financial statements.

Hill, Schroderus & Co.

CERTIFIED PUBLIC ACCOUNTANTS
Petoskey, Michigan

BOYNE VALLEY TOWNSHIP
Statement of Net Assets
March 31, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current Assets	
Cash	\$ 424,964
Receivables:	
Taxes	42,362
Accounts (net)	37,942
Due from fiduciary fund	36,304
Prepaid expenses	<u>18,838</u>
Total current assets	<u>560,410</u>
Noncurrent Assets	
Capital assets	1,034,973
Less: accumulated depreciation	<u>(459,884)</u>
Total noncurrent assets	<u>575,089</u>
Total assets	<u><u>\$ 1,135,499</u></u>
 <u>Liabilities and Net Assets</u>	
Current Liabilities	
Accounts payable	\$ 8,850
Capital leases payable, due within one year	<u>43,977</u>
Total current liabilities	52,827
Noncurrent Liabilities	
Capital leases payable	<u>94,616</u>
Total liabilities	<u>147,443</u>
Net Assets	
Invested in capital assets, net of related debt	436,496
Restricted for capital projects	50,128
Unrestricted	<u>501,432</u>
Total net assets	<u>988,056</u>
Total liabilities and net assets	<u><u>\$ 1,135,499</u></u>

BOYNE VALLEY TOWNSHIP
Statement of Activities
Year Ended March 31, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 112,507	\$ 2,766	\$ -	\$ 109,741
Public safety	60,665	-	4,627	56,038
Public Works	69,173	-	3,155	66,018
Health and welfare	76,897	72,664	6,329	(2,096)
Community economic development	8,916	1,310	-	7,606
Interest on long-term debt	8,090	-	-	8,090
Unallocated depreciation	51,896	-	-	51,896
Total governmental activities	<u>\$ 388,144</u>	<u>\$ 76,740</u>	<u>\$ 14,111</u>	<u>297,293</u>
General Revenues:				
Property taxes				484,682
State-shared revenues				58,178
Interest and rentals				9,335
Miscellaneous				<u>6,513</u>
Total general revenues				<u>558,708</u>
Change in net assets				261,415
Net assets - beginning of year				<u>726,641</u>
Net assets - end of year				<u>\$ 988,056</u>

BOYNE VALLEY TOWNSHIP
Governmental Funds
Balance Sheet
March 31, 2006

	General	Fire Operations	Cemetery	Ambulance	Liquor	Transfer Station	Fire Station and Land	Total Governmental Funds
<u>Assets</u>								
Cash	\$ 112,500	\$ 45,242	\$ 19,466	\$ 106,722	\$ 9,602	\$ 81,304	\$ 50,128	\$ 424,964
Taxes receivable	12,779	9,730	-	9,750	-	10,103	-	42,362
Accounts receivable (net)	-	-	-	37,942	-	-	-	37,942
Due from Fiduciary Fund	36,304	-	-	-	-	-	-	36,304
Prepaid expenditures	3,308	7,217	470	7,217	53	573	-	18,838
Total assets	<u>\$ 164,891</u>	<u>\$ 62,189</u>	<u>\$ 19,936</u>	<u>\$ 161,631</u>	<u>\$ 9,655</u>	<u>\$ 91,980</u>	<u>\$ 50,128</u>	<u>\$ 560,410</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 1,211	\$ -	\$ -	\$ 5,680	\$ -	\$ 1,959	\$ -	\$ 8,850
Fund balances:								
Reserved for prepaid expenditures	3,308	7,217	470	7,217	53	573	-	18,838
Reserved for capital projects	-	-	-	-	-	-	50,128	50,128
Unreserved	160,372	54,972	19,466	148,734	9,602	89,448	-	482,594
Total fund balances	<u>163,680</u>	<u>62,189</u>	<u>19,936</u>	<u>155,951</u>	<u>9,655</u>	<u>90,021</u>	<u>50,128</u>	<u>551,560</u>
Total liabilities and fund balances	<u>\$ 164,891</u>	<u>\$ 62,189</u>	<u>\$ 19,936</u>	<u>\$ 161,631</u>	<u>\$ 9,655</u>	<u>\$ 91,980</u>	<u>\$ 50,128</u>	<u>\$ 560,410</u>

See accompanying notes to the basic financial statements.

BOYNE VALLEY TOWNSHIP
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
March 31, 2006

Total Fund Balances - Governmental Funds	\$ 551,560
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Amounts reported for governmental activities in the statement
of net assets are different because:

Governmental funds report capital outlay as expenditures. However,
in the statement of net assets, these assets are capitalized and depreciated
over their estimated useful lives.

Governmental capital assets	1,034,973
Accumulated depreciation	(459,884)

Long-term liabilities, including capital leases, are not due and payable
in the current period and therefore are not reported in the governmental
funds.

(138,593)

Total Net Assets of Governmental Activities	<u>\$ 988,056</u>
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BOYNE VALLEY TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended March 31, 2006

	General	Fire Operations	Cemetery	Ambulance	Liquor	Transfer Station	Fire Station and Land	Total Governmental Funds
Revenues:								
Taxes	\$ 172,089	\$ 103,028	\$ -	\$ 103,166	\$ -	\$ 106,399	\$ -	\$ 484,682
State revenue	61,333	-	-	-	4,627	-	-	65,960
Charges for service	1,310	-	2,766	72,664	-	-	-	76,740
Interest	4,900	1,006	635	565	264	529	1,436	9,335
Other	210	6,303	-	6,329	-	-	-	12,842
Total revenues	239,842	110,337	3,401	182,724	4,891	106,928	1,436	649,559
Expenditures:								
Current:								
General government	103,509	-	8,998	-	-	-	-	112,507
Public safety	-	57,236	-	-	3,429	-	-	60,665
Public works	15,047	-	-	-	-	54,126	-	69,173
Health and welfare	-	-	-	76,897	-	-	-	76,897
Community and economic development	8,916	-	-	-	-	-	-	8,916
Capital outlay	151,899	21,385	-	7,542	-	-	-	180,826
Debt service	-	28,187	-	22,677	-	-	-	50,864
Total expenditures	279,371	106,808	8,998	107,116	3,429	54,126	-	559,848
Excess (deficiency) of revenues over expenditures	(39,529)	3,529	(5,597)	75,608	1,462	52,802	1,436	89,711
Other financing sources (uses):								
Operating transfers in	-	-	10,000	-	-	-	-	10,000
Operating transfers out	(10,000)	-	-	-	-	-	-	(10,000)
Total other financing sources (uses)	(10,000)	-	10,000	-	-	-	-	-
Net change in fund balances	(49,529)	3,529	4,403	75,608	1,462	52,802	1,436	89,711
Fund balances-beginning of year	213,209	58,660	15,533	80,343	8,193	37,219	48,692	461,849
Fund balances-end of year	\$ 163,680	\$ 62,189	\$ 19,936	\$ 155,951	\$ 9,655	\$ 90,021	\$ 50,128	\$ 551,560

See accompanying notes to the basic financial statements.

BOYNE VALLEY TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended March 31, 2006

Net Change in Fund Balances - Total Governmental Funds	\$	89,711
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation.

Expenditures for capital assets		180,826
Current year depreciation		(51,896)

Payment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal paid on long-term debt.

		42,774
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Change in Net Assets of Governmental Activities	\$	261,415
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BOYNE VALLEY TOWNSHIP
Statement of Fiduciary Net Assets
March 31, 2006

	<u>Agency Tax Fund</u>
Assets	
Cash	\$ <u>36,304</u>
Liabilities	
Due to general fund	\$ <u>36,304</u>

BOYNE VALLEY TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township operates under a Board-Supervisor form of government and provides the following services as authorized by common law: public safety (fire), public improvements, sanitation, ambulance, planning and zoning, and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the significant policies used by Boyne Valley Township:

REPORTING ENTITY

The accompanying financial statements have been prepared in accordance with criteria established by GASB No. 14, and amended by GASBS No. 39. GASBS 14 states that the primary basis for determining whether outside agencies and organizations should be considered component units of the Township and included in the Township's financial statements is financial accountability. Financial accountability has been defined as follows: A primary government has substantive authority to appoint a voting majority of the component unit's board; the primary government is either able to impose its will on a component unit or there is a potential for the component unit to provide specific financial burdens on the primary government; and the component unit is fiscally dependent on the primary government. The Township has no component units.

BASIC FINANCIAL STATEMENTS – OVERVIEW

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and the fund financial statements categorize primary government activities as governmental.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. The government-wide focus is more on operational efficiency, the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS – CONTINUED**

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis. Due to the full accrual, economic resource basis, all long-term assets and receivables, as well as long-term debt and obligations are recognized. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. This statement reduces gross expenses (including depreciation) by related program revenues, which includes charges for services, operating grants and capital grants.

The program revenues must be directly associated with the function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue.

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The focus of the fund financial statement is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources).

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The emphasis in the fund financial statements is on the major funds in the governmental type category. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of the governmental and proprietary funds) for the determination of major funds.

Governmental Funds

The following is a description of the major governmental funds of the Township:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

BASIC FINANCIAL STATEMENTS — FUND FINANCIAL STATEMENTS – CONTINUED

Fiduciary Fund

Fiduciary funds are used to account for assets held by the Township in a trustee or agent capacity. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Agency funds use the accrual basis of accounting, which reports only assets and liabilities. The following is a description of the fiduciary fund maintained by the Township.

Agency Fund – The Agency Fund accounts for the collection and payment of property tax levies.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the full accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred.

The agency fund is accounted for using the full accrual basis of accounting. The Township's agency fund records liabilities when property taxes are received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded in the accounting period in which they are earned, as long as they are both available and measurable. Revenues are available when received within the current period or within 60 days after year-end. Expenditures are recorded in the accounting period in which the liability is incurred, as under full accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand and demand deposits.

Accounts Receivable

Accounts receivable of \$73,401 are reported net of an allowance of \$35,460 as \$37,942. These receivables are from ambulance services.

Interfund Receivables/Payables

Outstanding balances between funds are reported as "due to/from" other funds on the balance sheet of the fund financial statements and as "internal balances" on the Statement of Net Assets of the government-wide financial statements.

Capital Assets

Capital assets, which include property, buildings and equipment, are reported in the applicable governmental activities column in the government-wide financial statements.

Capital assets are recorded by the Township when the initial individual costs are equal to or greater than the following amounts:

<u>Asset Type</u>	<u>Amount</u>
Land	\$ 1
Equipment	1,000
Buildings	1,000

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Property, buildings and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	10 - 30 years
Equipment	3 - 15 years

Fund Equity

In the fund financial statements, governmental funds report reserved fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes.

COMPARATIVE DATA

Comparative data for the prior year is not included in the Township's financial statements.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all operating funds of the Township except for the agency fund. Budgetary control is legally maintained at the fund level.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
2. A public hearing is conducted at Township Hall to obtain taxpayer comments.
3. Prior to April 1, the fund budgets are legally enacted through passage of resolutions.
4. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
5. Budgeted amounts are as originally adopted, or as amended by the Township Board.
6. All appropriations lapse at year-end.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Township is required under Public Act 621 to adopt a budget for the General and Special Revenue Funds. The Township did not incur an excess of expenditures over appropriations.

NOTE 3: CASH DEPOSITS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township's deposits and investment policy are in accordance with statutory authority.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 3: CASH DEPOSITS – CONTINUED

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At March 31, 2006, the carrying amount of the Township's deposits for both governmental activities and the fiduciary fund was \$461,268 and the bank balance was \$469,342, of which \$189,270 was covered by federal depository insurance. The remaining amount was uninsured and uncollateralized. State statutes prohibit security in the form of collateral, surety bonds or another form be taken for the deposit of public funds. The Township may experience significant fluctuations in deposit balances through the year.

Pooling of Cash – The Township pools cash to maximize its investment return.

<u>Fund</u>	<u>Pooled Cash</u>
General	\$ 112,500
Cemetery	4,050
Transfer station	81,304
Fire protection	45,243
Fire station	50,128
Ambulance	106,722
Liquor law enforcement	<u>9,602</u>
Total pooled cash	409,549
Cash not held in pooled accounts	<u>51,719</u>
Total cash	<u>\$ 461,268</u>

NOTE 4: PROPERTY TAXES

Property taxes are levied on each December 1 on the State taxable valuation of property in the Township as of the preceding December 31. The Township bills and collects its own property taxes and also collects taxes for other governmental units. Collection of other governmental unit's taxes and remittance of them to the units are accounted for in the Agency Fund. Property taxes are recognized as revenue in the year in which they are levied.

The Township is permitted by state law, subject to State Headlee and Trust in Taxation provisions, to levy taxes up to \$1 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The 2005 State taxable valuation of Boyne Valley Township totaled \$98,848,776.

The tax rates for the year ended March 31, 2006 are as follows:

<u>Purpose</u>	<u>Rate/Assessed Valuation</u>
General government service	\$.9838 per \$1,000
Fire operational	1.000 per \$1,000
Ambulance	1.000 per \$1,000
Transfer station	1.065 per \$1,000

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 5: CAPITAL ASSETS

Capital asset activity of the Township's primary government for the current year was as follows:

	<u>Balance April 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2006</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 35,525	\$ 82,872	\$ -	\$ 118,397
Capital assets being depreciated:				
Buildings	210,811	65,770	-	276,581
Equipment	607,810	32,184	-	639,994
Subtotal	<u>818,621</u>	<u>97,954</u>	<u>-</u>	<u>916,575</u>
Less accumulated depreciation:				
Buildings	99,649	6,778	-	106,427
Equipment	308,340	45,117	-	353,457
Subtotal	<u>407,989</u>	<u>51,895</u>	<u>-</u>	<u>459,884</u>
Net capital assets being depreciated:	<u>410,632</u>	<u>46,059</u>	<u>-</u>	<u>456,691</u>
Governmental activities net capital assets	<u>\$ 446,157</u>	<u>\$ 128,931</u>	<u>\$ -</u>	<u>\$ 575,088</u>

Depreciation expense was unallocated between function in the statement of net assets.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 6: LONG-TERM DEBT

	Balance April 1, 2005	Additions	Retirements	Balance March 31, 2006	Amount Due Within One Year
Governmental Activities					
2002 Capital Lease payable for a Fire Truck due in annual installments of \$28,187 including interest at a rate of 5.12% per annum through January 2009.	\$ 99,395	\$ -	\$ 22,979	\$ 76,416	\$ 24,183
2005 Capital Lease Payable for an Ambulance due in annual installments of \$22,677 including interest at a rate of 4.74% per annum through June 2008.	81,972	-	19,795	62,177	19,794
	<u>\$ 181,367</u>	<u>\$ -</u>	<u>\$ 42,774</u>	<u>\$ 138,593</u>	<u>\$ 43,977</u>

The financed amount of the Fire Truck and Ambulance lease was \$161,691 and \$81,972, respectively.

The annual requirements to amortize all debt outstanding, as of March 31, 2006 including interest payments of \$13,999 are as follows:

Year Ending March 31, 2006	
2007	\$ 50,864
2008	50,864
2009	50,864
	<u>\$ 152,592</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 7: **RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The Township belongs to the Michigan Township Participating Plan, which currently operates as a common risk management and insurance program for various municipalities throughout the state. The Township pays an annual premium for its general insurance and workman's compensation coverage. The Plan is self-sustaining through member premiums and 100% reinsures through commercial companies.

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
General Fund
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over(Under)
Beginning of year fund balance	\$ 195,880	\$ 195,880	\$ 195,880	\$ -
Revenues:				
Taxes	142,926	166,772	137,817	(28,955)
State revenue	60,000	63,155	61,333	(1,822)
Charges for services	-	1,310	1,310	-
Interest	1,500	4,900	4,900	-
Other	-	210	210	-
Amounts available for appropriation	400,306	432,227	401,450	(30,777)
Charges to appropriations (outflows):				
General government:				
Board	3,000	3,000	3,000	-
Supervisor	13,220	13,220	12,500	(720)
Elections	1,810	1,810	4	(1,806)
Clerk	14,750	15,750	15,285	(465)
Treasurer	17,100	20,000	18,821	(1,179)
Assessor	16,550	16,550	17,672	1,122
Board of review	1,680	1,710	1,109	(601)
Building and grounds	14,850	15,650	4,733	(10,917)
Other	61,296	80,962	29,964	(50,998)
Total general government	144,256	168,652	103,088	(65,564)
Public works:				
Highways and streets	42,325	42,325	15,047	(27,278)
Community and economic development:				
Planning	2,100	2,600	2,303	(297)
Zoning	10,510	12,535	6,613	(5,922)
Total community and economic development	12,610	15,135	8,916	(6,219)
Capital outlay:				
Real property	191,115	196,115	148,604	(47,511)
Tax software	-	-	3,295	3,295
Total capital outlay	191,115	196,115	151,899	(44,216)
Transfer to Cemetery Fund	10,000	10,000	10,000	-
Total charges to appropriations	400,306	432,227	288,950	(143,277)
Ending budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,500</u>	<u>\$ 112,500</u>

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Fire Operations Fund
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Beginning of year fund balance	\$ 40,847	\$ 40,847	\$ 41,047	\$ 200
Resources (Inflows):				
Taxes	114,051	114,051	104,310	(9,741)
Interest	500	1,100	1,006	(94)
Other	335	6,605	6,303	(302)
Amounts available for appropriation	155,733	162,603	152,666	(9,937)
Charges to appropriations (outflows):				
Wages	16,575	16,575	14,195	(2,380)
Liability insurance	15,000	15,000	8,138	(6,862)
Equipment maintenance	10,000	15,000	14,653	(347)
Other current	17,315	24,040	20,866	(3,174)
Contingency	52,095	36,801	-	(36,801)
Capital outlay	16,561	27,000	21,385	(5,615)
Debt service	28,187	28,187	28,187	-
Total charges to appropriations	155,733	162,603	107,424	(55,179)
Ending budgetary fund balance	\$ -	\$ -	\$ 45,242	\$ 45,242

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Cemetery Fund
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Beginning of year fund balance	\$ 15,294	\$ 15,294	\$ 15,063	\$ (231)
Resources (Inflows):				
Charges for services	-	2,765	2,766	1
Transfers from General Fund	10,000	10,000	10,000	-
Interest income	25	25	635	610
	<u>25,319</u>	<u>28,084</u>	<u>28,464</u>	<u>380</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
Wages	3,625	5,095	4,995	(100)
Other expenditures	6,533	7,829	4,003	(3,826)
	<u>10,158</u>	<u>12,924</u>	<u>8,998</u>	<u>(3,926)</u>
Total charges to appropriations				
Ending budgetary fund balance	<u>\$ 15,161</u>	<u>\$ 15,160</u>	<u>\$ 19,466</u>	<u>\$ 4,306</u>

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Ambulance Fund
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Beginning of year fund balance	\$ 40,787	\$ 40,787	\$ 40,787	\$ -
Resources (inflows):				
Taxes	114,558	114,558	104,796	(9,762)
Charges for services	90,200	90,200	63,108	(27,092)
Interest income	-	600	565	(35)
Other	-	1,900	1,900	-
Amounts available for appropriation	245,545	248,045	211,156	(36,889)
Charges to appropriations (outflows):				
Wages	16,800	26,100	22,877	(3,223)
Intercept fees	41,250	30,500	29,450	(1,050)
Liability insurance	6,000	9,000	8,138	(862)
Other current	49,146	50,670	19,029	(31,641)
Capital outlay	8,500	8,425	2,263	(6,162)
Debt service	25,000	25,000	22,677	(2,323)
Total charges to appropriations	146,696	149,695	104,434	(45,261)
Ending budgetary fund balance	<u>\$ 98,849</u>	<u>\$ 98,350</u>	<u>\$ 106,722</u>	<u>\$ 8,372</u>

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Liquor Fund
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Beginning of year fund balance	\$ 8,140	\$ 8,140	\$ 8,140	\$ -
Resources (Inflows):				
State revenue	3,785	3,785	4,627	842
Interest income	70	70	264	194
Amounts available for appropriation	11,995	11,995	13,031	1,036
Charges to appropriations (outflows):				
Public safety	11,995	11,995	3,429	(8,566)
Ending budgetary fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,602</u>	<u>\$ 9,602</u>

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Transfer Station Fund
Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Over (Under)
Beginning of year fund balance	\$ 32,976	\$ 32,976	\$ 32,976	\$ -
Resources (inflows):				
Taxes	110,341	110,341	99,966	(10,375)
Interest income	-	-	529	529
	<u>143,317</u>	<u>143,317</u>	<u>133,471</u>	<u>(9,846)</u>
Amounts available for appropriation				
	<u>143,317</u>	<u>143,317</u>	<u>133,471</u>	<u>(9,846)</u>
Charges to appropriations (outflows):				
Wages	15,100	18,200	14,379	(3,821)
Refuse hauling	40,000	40,000	34,635	(5,365)
Contingency	20,000	16,075	-	(16,075)
Capital outlay	-	10,000	-	(10,000)
Other expenditures	14,275	5,100	3,152	(1,948)
	<u>89,375</u>	<u>89,375</u>	<u>52,166</u>	<u>(37,209)</u>
Total charges to appropriations				
	<u>89,375</u>	<u>89,375</u>	<u>52,166</u>	<u>(37,209)</u>
Ending budgetary fund balance	<u>\$ 53,942</u>	<u>\$ 53,942</u>	<u>\$ 81,305</u>	<u>\$ 27,363</u>

BOYNE VALLEY TOWNSHIP
Budgetary Comparison Schedule (Cash Basis)
Fire Station and Land Fund
Year Ended March 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Beginning of year fund balance	\$ 48,692	\$ 48,692	\$ 48,692	\$ -
Resources (inflows):				
Interest income	500	500	1,436	936
Amounts available for appropriation	49,192	49,192	50,128	936
Charges to appropriations (outflows):				
Public works - capital outlay	-	-	-	-
Ending budgetary fund balance	<u>\$ 49,192</u>	<u>\$ 49,192</u>	<u>\$ 50,128</u>	<u>\$ 936</u>